



GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Cooperation – APCOB – Transformation of PACS through IT enabled Financial Inclusion
– Proposal of M/s CoOptions Technology Limited(CTL) –Accepted – **Orders – Issued.**

AGRICULTURE & COOPERATION (COOP.VI) DEPARTMENT

G.O.Ms.No:458

Date : 20-11-2008

Read the following:-

1. G.O.Ms.No.54, A&C(Coop.III) Department, dated 28.02.2001.
2. G.O.Ms.No.236, A&C(Coop.III) Department, dated 07.09.2001.
3. From the Managing Director, APCOB, Hyderabad
Lr.No.Comp/PACS/2008-09, dated 30.07.2008
4. Proceedings of the 7th Meeting of State Level Implementation and
Monitoring Committee(SLIC) held on 7th August 2008 at NABARD
Regional Office, Hyderabad.
5. From the Managing Director, APCOB, Hyderabad
Lr.No.Comp/PACS/2008-09, dated 14.08.2008.

ORDER:

In the reference 1st read above, Government have constituted Technical Committee to aid and advise the A.P.State Cooperative Bank(APCOB) in Computerization and usage of Software in the Cooperatives(i.e DCCBs and PACS). On the basis of the recommendations of the above Technical Committee, in the reference 2nd read above, Government have conveyed its approval for a detailed scheme of implementation of computerization of PACS on a pilot basis by **M/s Co-Options Technologies Limited** in the districts of Krishna, West Godavari, Chittoor and Nizamabad. Government also had from time to time reviewed the implementation of the pilot project of computerization of PACS. M/s Co-Options Technologies Limited have deployed IT infrastructure at 139 PACS, where it is functioning during the last 6 years. Around 500 users had been trained in operating the solution in the 139 PACS, created 5.00 lakh member accounts with 3.00 lakh borrower farmers availing credit to a tune of Rs. 300 crores. Thus, the pilot project has been successfully implemented by M/s Co-Options Technologies Limited and the solution is currently functioning in the PACS identified under the pilot project.

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As a part of the recent implementation of revival package for the cooperative credit structure (under Prof. A. Vaidyanathan Committee's recommendations), the NABARD has issued certain guidelines for implementing a Common Accounting System (CAS) and Management Information System (MIS) at the PACS level. In tune with this requirement, M/s Co-Options Technologies Ltd has incorporated and included

the Common Accounting System and MIS as per the latest guidelines issued by NABARD in this behalf. M/s CoOptions Technologies Limited submitted its proposal to the APCOB for Computerization of all PACS on revenue sharing model. In the reference 3rd read above the Managing Director, APCOB, Hyderabad have forwarded the proposal from M/s.CoOptions Technology Limited(CTL) for ***“Transformation of Primary Agricultural Cooperative Societies(PACS) through Information Technology Enabled Financial Inclusion”*** on revenue sharing model with PACS on the basis of reference 2nd read above.

3. In the reference 4th read above the State Level Implementation and Monitoring Committee(SLIC) has resolved that *“SLIC has noted the APCOB’s proposal to enter into agreement with Co-options technologies for Transformation of PACS through IT enabled Financial Inclusion whereunder provision of Hardware & software would be made available to PACS at free of cost. However, SLIC advised APCOB to ensure that CAS & MIS shall be strictly implemented as per norms given by NABARD”*. Further it has also been resolved that *“Since Co-Options Technologies would be providing the required Hardware & Software to PACS free of cost, APCOB proposed that an amount earmarked for computerization of PACS could be reimbursed towards the computerization at CCB level. SLIC has resolved that APCOB would submit the proposal in this regard and the same would be referred to National Level Implementation and Monitoring Committee (NIMC)..*
4. In the reference 5th read above, the Managing Director, APCOB, Hyderabad has stated that the proposal from M/s.CoOptions Technology Limited(CTL) is that of a partnership model with the entire investments on IT infrastructure, training, capacity building etc being met by M/s Co-Options Technologies Ltd for the total computerization of all the (over 2700) PACS in the State. It is also proposed by them to provide suitable district hubs and State level hub for provision of information / MIS to the stakeholders of the cooperative credit structure. M/s Co-Options Technologies Ltd would implement, maintain and operate the entire infrastructure and have a revenue sharing arrangement with PACS in respect of new avenues of business which it proposes to bring to the PACS. The new business avenues are in the areas of commercial credit by banks for whom the PACS can act as Agent / Correspondent, Insurance business, business in produce procurement and other services which bring in revenue by way of commission / fee without PACS getting exposed to any risk. The Co-Options Technologies Ltd has proposed a revenue sharing arrangement based on the envisaged role of each in the business sourced by the PACS and M/s Co-Options Technologies Limited respectively. The percentage of revenues from commission / fee to be given to the PACS under the proposal ranges from 20% to 50% for the different items. M/s Co-Options Technologies Ltd envisages to meet / recoup their investment in infrastructure as also their recurring costs in maintaining the systems etc, out of their share in the above revenue sharing arrangement for a period of 10 years from the date of implementation. However, the proposal is explicit that in respect of all original business of the PACS there would be no revenue sharing and the system will be used fully for the normal business of the PACS. The standard of performance and maintenance of the computer systems deployed at the PACS have been well defined and are to be ensured by M/s Co-Options Technologies Ltd. **Suitable safeguard / exit clauses have also been incorporated in the proposal which has been finalized after discussions with the GMs of DCCBs covering the pilot project, the Secretaries of PACS which were computerized under the pilot project and senior officers of APCOB.**

- 5 The Managing Director, APCOB, has also stated that the proposal involves no direct costs to the cooperative credit structure but allows sharing of revenue derived out of commission / fee income that would accrue out of new business opportunities. It provides an opportunity for computerization of all the PACS in the State, free of cost, in a time span of around 2 years by an agency which was earlier selected by the Government through a process and has demonstrated its capability and stabilized the software over a period of 6 years in implementing computerization of the PACS. **The proposal does not envisage any investment or cost to the State Government.** The proposal was also presented to the Board of Management of the Bank at its meeting held on 16.7.2008, which has conveyed its approval of the proposal and recommended the same for securing the approval of the State Government. Accordingly, the Managing Director, APCOB, Hyderabad has requested to consider the proposal and accord Government's approval in this behalf to enable APCOB to take up the same for implementation by APCOB through the DCCBs and PACS.
6. Government, after careful examination of the entire matter, **hereby accepted the** proposal of M/s.CoOptions Technology Limited(CTL) for ***“Transformation of Primary Agricultural Cooperative Societies(PACS) through Information Technology Enabled Financial Inclusion”*** on revenue sharing model with PACS subject to the certain modifications as mentioned at Annexure.
7. The Managing Director, APCOB, Hyderabad will take necessary follow-up action in this regard.

(BY ORDER AND IN THE NAME OF GOVERNOR OF ANDHRA PRADESH)

**PANKAJ DWIVEDI
PRINCIPAL SECRETARY TO GOVERNMENT**

To,

The Managing Director, APCOB, Hyderabad.

The Chief General Manager, NABARD Regional Office, Hyderabad.

Copy to :-

M/s CoOptions Technology through the Managing Director, APCOB, Hyderabad

The Commissioner for Cooperation and Registrar of Cooperative Societies, A.P.,
Hyderabad

The PS to Special Secretary to CM..

The P.S. to Minister for Cooperation.

The P.S. to Secretary (C&M).

Coop.V Section in A&C Department

// FORWARDED BY ORDER //

SECTION OFFICER

ANNEXURE

Modifications to G.O.Ms.No. 458, Agriculture & Cooperation Department, dated 20/11/2008.

1. Versions and updates of the Pax@ 2002 micro-ERP product application software along with CAS & MIS shall be made available freely.
2. Maintenance of the Pax@2002 product along with CAS & MIS application shall be provided freely for enhancements, versions and modifications and Technology adoption.
3. Cooption shall have the exclusive rights to engage in any mutually beneficial business linkages which are approved by RBI/NABARD for generation of the extra revenues through PACS and no other agency shall be allowed to operate during the tenure of the project.
4. PACS specific additional application if required shall be developed and charged a one time fee at the rate of Rs.10,000/- per module.
5. Incremental Service Delivery:
Incremental service fee of 0.5% shall be charged on the basis of Previous five year growth for any current year against the original proposal that it would be vis-a vis the fixed base year. This results in a moving index method of computation method. The base year should be the immediate preceding year.
6. In case of exit mechanism, if individual PACS would like to terminate the agreement with M/s CoOption the concerned PACS shall pay a compensation of Rupees Four Lakhs to M/S CoOption Within five years.
7. In case exit mechanism involves all the PACS at a time, each PACS shall pay compensation of Rs.50,000/- and retain the infrastructure as indicated in the proposal.

SECTION OFFICER